Companion to Exhibit CVPS-6
Explanation of Scorecard Components

For each attribute discussed below (Sections II and III) that was included in the Public Engagement process conducted by the DPS, reference is made to the page and section that suggest preferences for the particular attribute. See Exhibit CVPS-X for the references to the public polling document.

Scoring

Scores of between 0 and 6 are assigned to each Scorecard attribute based on judgments about the quality of the attributes of a proposed resource. For any particular attribute a score is assigned considering the following:

Judgment of Proposal Attribute is:	*Score is:*
No Value; Unlikely; Unattractive	0
Potentially Favorable Terms; Possible; Fairly Attractive	3
Superior Value; Highly Likely; Very Attractive	6

"Wildcard" Scoring

Because many of the attributes carry such low weights on the Scorecard, wildcard scoring allowed for weighting certain key attributes higher or lower than could otherwise be accomplished with just a standard score of between 0 and 6. A wildcard score of between -20 and +20 is intended to adjust the standard score if, in our judgment, the score the attribute receives is incomplete and does not fully describe the benefit or risk associated with the attribute. For example, if an attribute is considered so poor that a 0 point score for that attribute does not sufficiently decrement the overall proposal score, then a wildcard score could be applied to move the overall score enough to better represent the perception of that attribute. Although we initially thought wildcard scores would come into play more frequently during the development of the scorecard, wildcard score adjustments were only infrequently used.

Section I. CVPS Collateral Requirements

This first section is an initial major hurdle that a proposal must clear before it could be considered any further. If the collateral requirements of a proposal were so restrictive or burdensome as to severely limit the resource's viability, then the proposal could be discarded at the very earliest stage of evaluation. If a proposal passed this initial hurdle, it did not mean the collateral requirements were necessarily acceptable, but only that they may not be impossible to overcome.

Section II. Factors

Section II is divided into Economic (60%) and Non-Economic Factors (40%). Non-Economic Factors consist of the following: Financial (18%), Environmental (16%), Location (4%), Other (2%).

a. Portfolio Economic Factors (60% total weight)

Expected (Mean) Cost Impact (35% weight)

The real levelized cost over the life of each proposal is scored according to a pre-defined schedule for consistency. The schedule could have been represented numerous different ways, but several discussions on this topic resulted in defining the schedule this way. The lower the cost of the resource, the higher the score.

Cost is	*Score is*
< $80	6 pts
< $90	5 pts
< $100	4 pts
< $110	3 pts
< $120	2 pts
< $200	1 pts
>= $200	0 pts

Volatility (Standard Deviation) Impact (25% weight)

Volatility is measured by whether and by how much the cost of the resource can fluctuate as market prices fluctuate. The public polling process suggested that stable prices were preferred over volatile prices The lower the standard deviation of a proposal, the higher the score the proposal received for this attribute. Again for consistency, a schedule of volatility scores was established as below.

Standard Deviation is	*Score is*
0%	6
< 4%	5
< 12%	4
< 16%	3
< 20%	2
< 24%	1
>= 24%	0

b. Financial (18% total weight)

Credit Requirements (10% weight)

Posting collateral can result in an inefficient use of scarce capital resources and in times of market stress, can even threaten the liquidity of the company. We endeavor to limit credit

and collateral requirements in our hedging activities. The more restrictive the credit requirements, the lower the score we assigned.

Credit Rating Agency Treatment; Is Debt Imputed? (3% weight)

PPAs that have a fixed capacity charge regardless of whether any energy is delivered can look as if it were a debt obligation to credit rating agencies. Even though no debt is shown on our balance sheet for the PPA, the rating agency can create a virtual balance sheet entry as if it were debt. Imputed debt can skew our credit statistics and our associated credit rating (this appears to be more of an issue with S&P than it seems to be with Moody's).

Probability of Development or Contract Performance (5% weight)

Performance risk is the risk that a resource will deliver the energy when it is expected. New projects that are not yet built have inherent risks associated with their development, such as siting, permitting, financing, weather delays, material availability, unexpected cost increases, etc. Imports have transmission availability risks. The scores this attribute receives is a judgment call about whether the resource will ultimately be able to perform as expected.

c. Environmental (16% total weight)

Renewable/Sustainable Attributes (7% weight)

This attribute describes whether the resource uses renewable fuel harvested at a sustainable rate. A renewable resource receives full credit of 6 points and a non-renewable resource receives no points.

Residual Value of Resource Environmental Footprint (4% weight)

Renewable resources of different types are not necessarily equally environmentally friendly, so this attribute places a judgment about how environmentally friendly a resource is. For example, a biomass plant is a renewable resource but still emit pollutants and requires truck or rail to deliver fuel. A biomass resource would receive a moderate score and a wind resource having a smaller environmental footprint would receive a higher score. A system contract would receive no points.

SPEED Eligibility (5% weight)

Resources that are eligible SPEED resources receive a full 6 points and a non-SPEED resource receives no points. However, the SPEED rule allows for a non-SPEED resource to

be re-evaluated as a SPEED resource if the state in aggregate fails to meet the SPEED goal.

d. Location (4% total weight)

In-State / Out-of-State Resource (2% weight)

Resources physically located inside Vermont receive a full 6 points. Resources outside of Vermont receive no points.

Delivery Point: Congestion and Marginal Loss Differences (1% weight)

If a resource is delivered to a an import constrained location where energy does not easily move in, such as CT or the Boston area, then market prices at that location will tend to be higher increasing the value of the resource at that location. Conversely, resources delivered to locations that are export constrained, such as Maine, will tend to cause negative congestion and lower the market price at that location. Locations with very high congestion receive 6 points. Locations with negative congestion receive 0 points. All other locations that tend to have congestion similar to that of Vermont where all of our load settles receive 3 points. Most proposals received 3 points.

VT Transmission & Sub-Transmission Deferral Benefits (3% weight)

Certain locations can actually benefit from having resources located there and may represent non-transmission alternatives to reliability. For example, if a resource were to be sited in the Southern Loop area, then the resource could defer or eliminate the need to upgrade transmission in the area. If transmission upgrades could be deferred, then 6 points were awarded, otherwise no points were awarded.

e. Other (2% total weight)

Residual Value of Fuel Diversity (1% weight)

This attribute is a judgment about the perceived quality of certain resource types and whether any additional pressures are placed on fuel inputs or the cost of fuel inputs as a result of a resource being added to the portfolio. For example, if a new biomass resource were proposed for development, its fuel requirement would reduce the total amount of wood fuel remaining for new subsequent biomass development. A large biomass plant could also put upward pressure on the market price for the wood fuel as new woodlots would have to be developed requiring additional capital outlays for logging machines, chipping equipment, etc. The term residual in this context means that the volatility of the fuel costs were included in the mean-variance portfolio modeling, but peripheral issues around fuel, such as those discussed above, had not yet been included.

Residual Value of Resource Diversity (1% weight)

This attribute is a judgment about the relative size of a resource compared with other resources in the portfolio. The mean-variance portfolio analysis considers the probability and impact of any individual resource experiencing an unplanned outage. However, the residual nature of this attribute represents the non-economic preferences for small, distributed generation resources, as suggested by the Public Engagement process. Small (or small shares of) resources receive higher scores and large resources receive lower scores to reflect the preference for smaller, more diverse resources in the supply portfolio used to serve customers.